

1  
2  
3  
4  
5  
6 **IN THE UNITED STATES DISTRICT COURT**  
7 **FOR THE DISTRICT OF ARIZONA**  
8

9 Federal Trade Commission,  
10 Plaintiff,  
11 v.  
12 G2 Consulting LLC, et al.,  
13 Defendants.  
14

No. CV-17-02791-PHX-GMS

**STIPULATED ORDER FOR  
PERMANENT INJUNCTION AND  
MONETARY JUDGMENT**

15 Plaintiff, the Federal Trade Commission (“Commission” or “FTC”), filed its  
16 Complaint for Permanent Injunction and Other Equitable Relief (“Complaint”), pursuant  
17 to Section 13(b) of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. § 53(b).  
18 The Commission and Defendants stipulate to the entry of this Stipulated Order for  
19 Permanent Injunction and Monetary Judgment (“Order”) (Doc. 6) to resolve all matters in  
20 dispute in this action between them.

21 **IT IS THEREFORE ORDERED** as follows:

22 **FINDINGS**

- 23 1. This Court has jurisdiction over this matter.
- 24 2. The Complaint charges that Defendants participated in unfair acts or practices in  
25 violation of Section 5 of the FTC Act, 15 U.S.C. § 45, in arranging fraudulent merchant  
26 accounts to process consumer credit card transactions.
- 27 3. Defendants neither admit nor deny any of the allegations in the Complaint, except  
28 as specifically stated in this Order. Only for purposes of this action, Defendants admit

1 the facts necessary to establish jurisdiction.

2 4. Defendants waive any claim that they may have under the Equal Access to Justice  
3 Act, 28 U.S.C. § 2412, concerning the prosecution of this action through the date of this  
4 Order, and agree to bear their own costs and attorney fees.

5 5. Defendants and the Commission waive all rights to appeal or otherwise challenge  
6 or contest the validity of this Order.

7 **DEFINITIONS**

8 For the purpose of this Order, the following definitions apply:

9 A. **“Defendants”** means the Individual Defendant and the Corporate Defendant,  
10 individually, collectively, or in any combination.

11 B. **“Independent Sales Organization”** or **“ISO”** means any Person that enters into  
12 an agreement or contract with a Payment Processor to sell or market Payment Processing  
13 services to a merchant.

14 C. **“Individual Defendant”** means Chad Gettel (a.k.a. Chad Warner).

15 D. **“Corporate Defendant”** means G2 Consulting, LLC.

16 E. **“Payment Processor”** means any Person providing, directly or indirectly, the  
17 means used to charge or debit accounts through the use of any payment mechanism,  
18 including, but not limited to, debit, credit, prepaid, or stored value cards. The means used  
19 to charge or debit accounts covered by this definition includes, among other things: (a)  
20 reviewing and approving merchant applications for payment processing services; (b)  
21 providing the means to transmit sales transaction data from merchants to acquiring banks  
22 or other financial institutions; (c) clearing, settling, or distributing proceeds of sales  
23 transactions from acquiring banks or financial institutions to merchants; and (d)  
24 processing chargebacks.

25 F. **“Person”** means any natural person or any entity, corporation, partnership, or  
26 association of persons.

27 G. **“Sales Agent”** means a Person that matches, arranges, or refers prospective  
28 applicants for merchant accounts to a Payment Processor or ISO.

**ORDER**

**I. BAN AGAINST PAYMENT PROCESSING OR ACTING AS AN ISO OR  
SALES AGENT**

**IT IS ORDERED** that Defendants, Defendants' officers, agents, employees, and attorneys and all others in active concert or participation with any of them, who receive notice of this Order, whether acting directly or indirectly, are permanently restrained and enjoined from acting as a Payment Processor, ISO, Sales Agent, or an agent or employee of any of the foregoing.

**II. MONETARY JUDGMENT AND SUSPENSION**

**IT IS FURTHER ORDERED** that:

A. Judgment in the amount of Three Million and Seventy-Four Thousand Dollars (\$3,074,000) is entered in favor of the Commission against Defendants, jointly and severally, as equitable monetary relief.

B. The judgment is suspended subject to the Subsections below.

C. The Commission's agreement to the suspension of the judgment is expressly premised upon the truthfulness, accuracy, and completeness of Defendants' sworn financial statements and related documents (collectively, "financial representations") submitted to the Commission, namely:

1. The Financial Statement of Individual Defendant Chad Gettel signed on June 9, 2017, including the attachments; and

2. The Financial Statement of Corporate Defendant G2 Consulting, LLC signed by Chad Gettel, Owner, on July 14, 2017, including the attachments.

D. The suspension of the judgment will be lifted as to any Defendant if, upon motion by the Commission, the Court finds that Defendant failed to disclose any material asset, materially misstated the value of any asset, or made any other material misstatement or omission in the financial representations identified above.

E. If the suspension of the judgment is lifted, the judgment becomes immediately due as to that Defendant in the amount specified in Subsection A above (which the parties

1 stipulate only for purposes of this Section represents the consumer injury alleged in the  
2 Complaint), less any payment previously made pursuant to this Section, plus interest  
3 computed from the date of entry of this Order.

### 4 **III. ADDITIONAL MONETARY PROVISIONS**

#### 5 **IT IS FURTHER ORDERED** that:

6 A. Defendants relinquish dominion and all legal and equitable right, title, and interest  
7 in all assets transferred pursuant to this Order and may not seek the return of any assets.

8 B. The facts alleged in the Complaint will be taken as true, without further proof, in  
9 any subsequent civil litigation by or on behalf of the Commission, including in a  
10 proceeding to enforce its rights to any payment or monetary judgment pursuant to this  
11 Order, such as a nondischargeability complaint in any bankruptcy case.

12 C. The facts alleged in the Complaint establish all elements necessary to sustain an  
13 action by the Commission pursuant to Section 523(a)(2)(A) of the Bankruptcy Code, 11  
14 U.S.C. § 523(a)(2)(A), and this Order will have collateral estoppel effect for such  
15 purposes.

16 D. Defendants acknowledge that their Taxpayer Identification Numbers (Social  
17 Security Numbers or Employer Identification Numbers), which Defendants previously  
18 submitted to the Commission, may be used for collecting and reporting on any delinquent  
19 amount arising out of this Order, in accordance with 31 U.S.C. § 7701.

20 E. All money paid to the Commission pursuant to this Order may be deposited into a  
21 fund administered by the Commission or its designee to be used for equitable relief,  
22 including consumer redress and any attendant expenses for the administration of any  
23 redress fund. If a representative of the Commission decides that direct redress to  
24 consumers is wholly or partially impracticable or money remains after redress is  
25 completed, the Commission may apply any remaining money for such other equitable  
26 relief (including consumer information remedies) as it determines to be reasonably  
27 related to Defendants' practices alleged in the Complaint. Any money not used for such  
28 equitable relief is to be deposited to the U.S. Treasury as disgorgement. Defendants have

1 no right to challenge any actions the Commission or its representatives may take pursuant  
2 to this Subsection.

#### 3 **IV. CUSTOMER INFORMATION**

4 **IT IS FURTHER ORDERED** that Defendants, Defendants' officers, agents,  
5 employees, and attorneys and all others in active concert or participation with any of  
6 them, who receive notice of this Order, are permanently restrained and enjoined from  
7 directly or indirectly:

8 A. disclosing, using, or benefitting from customer information, including the name,  
9 address, telephone number, email address, social security number, other identifying  
10 information, or any data that enables access to a customer's account (including a credit  
11 card, bank account, or other financial account), that any Defendant obtained prior to entry  
12 of this Order; and

13 B. failing to destroy such customer information in all forms in their possession,  
14 custody, or control within 30 days after entry of this Order.

15 Provided, however, that customer information need not be disposed of, and may be  
16 disclosed, to the extent requested by a government agency or required by law, regulation,  
17 or court order.

#### 18 **V. COOPERATION**

19 **IT IS FURTHER ORDERED** that Defendants must fully cooperate with  
20 representatives of the Commission in this case and in any investigation related to or  
21 associated with the transactions or the occurrences that are the subject of the Complaint.  
22 Defendants must provide truthful and complete information, evidence, and testimony.  
23 Individual Defendant must appear, and Corporate Defendant must cause its officers,  
24 employees, representatives, or agents to appear, for interviews, discovery, hearings, trials,  
25 and any other proceedings that a Commission representative may reasonably request  
26 upon 5 days written notice, or other reasonable notice, at such places and times as a  
27 Commission representative may designate, without the service of a subpoena.

28 ///

**VI. ORDER ACKNOWLEDGMENTS**

**IT IS FURTHER ORDERED** that Defendants obtain acknowledgments of receipt of this Order:

A. Each Defendant, within 7 days of entry of this Order, must submit to the Commission an acknowledgment of receipt of this Order sworn under penalty of perjury.

B. For 5 years after entry of this Order, Individual Defendant for any business that he, individually or collectively with any other Defendants, is the majority owner or controls directly or indirectly, and Corporate Defendant must deliver a copy of this Order to: (1) all principals, officers, directors, and LLC managers and members; (2) all employees, agents, and representatives who participate in conduct related to the subject matter of the Order; and (3) any business entity resulting from any change in structure as set forth in the Section titled Compliance Reporting. Delivery must occur within 7 days of entry of this Order for current personnel. For all others, delivery must occur before they assume their responsibilities.

C. From each individual or entity to which a Defendant delivered a copy of this Order, that Defendant must obtain, within 30 days, a signed and dated acknowledgment of receipt of this Order.

**VII. COMPLIANCE REPORTING**

**IT IS FURTHER ORDERED** that Defendants make timely submissions to the Commission:

A. One year after entry of this Order, each Defendant must submit a compliance report, sworn under penalty of perjury:

1. Each Defendant must: (a) identify the primary physical, postal, and email address and telephone number, as designated points of contact, which representatives of the Commission may use to communicate with Defendant; (b) identify all of that Defendant's businesses by all of their names, telephone numbers, and physical, postal, email, and Internet addresses; (c) describe the activities of each business, including the goods and services offered, and the involvement of any other Defendant (which

1 Individual Defendant must describe if he knows or should know due to his own  
2 involvement); (d) describe in detail whether and how that Defendant is in compliance  
3 with each Section of this Order; and (e) provide a copy of each Order Acknowledgment  
4 obtained pursuant to this Order, unless previously submitted to the Commission.

5 2. Additionally, each Individual Defendant must: (a) identify all telephone  
6 numbers and all physical, postal, email and Internet addresses, including all residences;  
7 (b) identify all business activities, including any business for which such Defendant  
8 performs services whether as an employee or otherwise and any entity in which such  
9 Defendant has any ownership interest; and (c) describe in detail such Defendant's  
10 involvement in each such business, including title, role, responsibilities, participation,  
11 authority, control, and any ownership.

12 B. For 20 years after entry of this Order, each Defendant must submit a compliance  
13 notice, sworn under penalty of perjury, within 14 days of any change in the following:

14 1. Each Defendant must report any change in: (a) any designated point of  
15 contact; or (b) the structure of Corporate Defendant or any entity that Defendant has any  
16 ownership interest in or controls directly or indirectly that may affect compliance  
17 obligations arising under this Order, including: creation, merger, sale, or dissolution of  
18 the entity or any subsidiary, parent, or affiliate that engages in any acts or practices  
19 subject to this Order.

20 2. Additionally, Individual Defendant must report any change in: (a) name,  
21 including aliases or fictitious name, or residence address; or (b) title or role in any  
22 business activity, including any business for which such Defendant performs services  
23 whether as an employee or otherwise and any entity in which such Defendant has any  
24 ownership interest, and identify the name, physical address, and any Internet address of  
25 the business or entity.

26 C. Each Defendant must submit to the Commission notice of the filing of any  
27 bankruptcy petition, insolvency proceeding, or similar proceeding by or against such  
28 Defendant within 14 days of its filing.

1 D. Any submission to the Commission required by this Order to be sworn under  
 2 penalty of perjury must be true and accurate and comply with 28 U.S.C. § 1746, such as  
 3 by concluding: “I declare under penalty of perjury under the laws of the United States of  
 4 America that the foregoing is true and correct. Executed on: \_\_\_\_\_” and supplying the  
 5 date, signatory’s full name, title (if applicable), and signature.

6 E. Unless otherwise directed by a Commission representative in writing, all  
 7 submissions to the Commission pursuant to this Order must be emailed to  
 8 DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal Service) to: Associate  
 9 Director for Enforcement, Bureau of Consumer Protection, Federal Trade Commission,  
 10 600 Pennsylvania Avenue NW, Washington, DC 20580. The subject line must begin:  
 11 FTC v. G2 Consulting, LLC, X170046.

## 12 **VIII. RECORDKEEPING**

13 **IT IS FURTHER ORDERED** that Defendants must create certain records for 20  
 14 years after entry of the Order, and retain each such record for 5 years. Specifically,  
 15 Corporate Defendant and Individual Defendant for any business that such Defendant,  
 16 individually or collectively with any other Defendants, is a majority owner or controls  
 17 directly or indirectly, must create and retain the following records:

18 A. accounting records showing the revenues from all goods or services sold;

19 B. personnel records showing, for each person providing services, whether as an  
 20 employee or otherwise, that person’s: name; addresses; telephone numbers; job title or  
 21 position; dates of service; and (if applicable) the reason for termination;

22 C. records of all consumer complaints and refund requests, whether received directly  
 23 or indirectly, such as through a third party, and any response; and

24 D. all records necessary to demonstrate full compliance with each provision of this  
 25 Order, including all submissions to the Commission.

## 26 **IX. COMPLIANCE MONITORING**

27 **IT IS FURTHER ORDERED** that, for the purpose of monitoring Defendants’  
 28 compliance with this Order, including the financial representations upon which the



1 judgment was suspended:

2 A. Within 14 days of receipt of a written request from a representative of the  
3 Commission, each Defendant must: submit additional compliance reports or other  
4 requested information, which must be sworn under penalty of perjury; appear for  
5 depositions; and produce documents for inspection and copying. The Commission is also  
6 authorized to obtain discovery, without further leave of court, using any of the procedures  
7 prescribed by Federal Rules of Civil Procedure 29, 30 (including telephonic depositions),  
8 31, 33, 34, 36, 45, and 69.

9 B. For matters concerning this Order, the Commission is authorized to communicate  
10 directly with each Defendant. Defendant must permit representatives of the Commission  
11 to interview any employee or other person affiliated with any Defendant who has agreed  
12 to such an interview. The person interviewed may have counsel present.

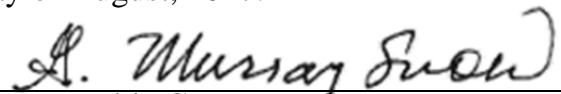
13 C. The Commission may use all other lawful means, including posing, through its  
14 representatives, as consumers, suppliers, or other individuals or entities, to Defendants or  
15 any individual or entity affiliated with Defendants, without the necessity of identification  
16 or prior notice. Nothing in this Order limits the Commission's lawful use of compulsory  
17 process, pursuant to Sections 9 and 20 of the FTC Act, 15 U.S.C. §§ 49, 57b-1.

18 D. Upon written request from a representative of the Commission, any consumer  
19 reporting agency must furnish consumer reports concerning Individual Defendants,  
20 pursuant to Section 604(1) of the Fair Credit Reporting Act, 15 U.S.C. § 1681b(a)(1).

## 21 **X. RETENTION OF JURISDICTION**

22 **IT IS FURTHER ORDERED** that this Court retains jurisdiction of this matter  
23 for purposes of construction, modification, and enforcement of this Order.

24 Dated this 31st day of August, 2017.

25   
26 Honorable G. Murray Snow  
27 United States District Judge  
28